

## World Knowledge Forum 2012

October 9, 2012 – David Drummond: Overcoming Barriers to Innovation

As part of the Knowledge Concert at the 13th World Knowledge Forum, David Drummond, Senior Vice President and Chief Legal Officer at Google, discussed the environmental factors that influenced Google's meteoric success. He noted that the genius of Google's founders, Sergey Brin and Larry Page, cannot be ignored. But he stressed, "It's important to recognize the other things that were going on that enabled them to do what they did."

After briefly reviewing the founding of Google, Mr. Drummond pointed out four external elements that were particularly conducive to its success. One of these elements was Stanford University, which both founders attended and which has a history of commercializing student inventions. In fact, he noted, Stanford's investment in Google's humble beginnings was rewarded with a stake in the company.

Another contributing factor was the availability and proximity of risk-tolerant investors. At a time when only around one in ten start-ups achieved success, Mr. Drummond emphasized the values of Silicon Valley's entrepreneurial culture. "In the valley, if you fail at something, it is often seen as a badge of experience," he explained.

The third factor was the proximity of like-minded engineers. Mr. Drummond noted that both Brin and Page were just two amongst a large group of engineers collaborating on a wide variety of projects at Stanford. "The critical mass of entrepreneurial talent was very important," he said.

The final factor Mr. Drummond discussed was the regulatory environment that was conducive to continuing innovation. He cited the Fair Use doctrine and platform immunity as keys to the success of such services as search engines and social-networking sites.

Mr. Drummond also noted the importance of regulation when discussing Google's own barriers to innovation. He noted that in order for Google to continue its exponential growth, the biggest external challenge they face is the potential persistence of regulations that stifle innovation. He warned that countries must realize that "if growth does not happen in your country, it will happen somewhere else."

While discussing the internal barriers to innovation that Google faces, Mr. Drummond said that due to the company's size, "the risk is that you start sitting back, relying on your core business and focusing on incremental innovation." He then outlined Google's strategy of thinking big to overcome this challenge.

"Always make small bets on really big things, because if they pay off, it will have enormous value and be good for the world. If they don't pay off, you haven't spent a whole lot," he said. Mr. Drummond illustrated this with several examples of small bets that have paid off, such as the Android operating system for the smart phone.

While such industries as pharmaceuticals may rely heavily on patents, Mr. Drummond argued that many engineers may benefit from different motivations. He asked his audience, "Does it make sense to spend this level of resources on patent litigation?"

As he diplomatically avoided the moderator's attempts to elicit a statement about the recent patent lawsuits between Apple and Samsung, Mr. Drummond chose to focus instead on the problems with the general culture of patent litigation. He underscored the importance of fostering competition and consumer choice.

"We will continue to defend an ecosystem of choice," he said. This, after all, will allow companies to overcome barriers that hinder innovation and success.